



China Sunsine Chemical Holdings Ltd.

18 Cross Street #07-08 Cross Street Exchange Singapore 048423
Tel: (65) 6220-6686 Web: www.ChinaSunsine.com

Company Registration No.: 200609470N

NEWS RELEASE

China Sunsine's 1H2022 net profit records 61% growth to a new high of RMB 427.5 million

- 1H2022 revenue increased 15% y-o-y to RMB 2,022.5 million mainly due to the increase in overall Average Selling Price (“ASP”)
- Sales volume declined 3% due to combined effects
- Production commencement of the two new projects boosted our total capacity by 62,000 tonnes in 2022
- Special interim dividend of 0.5 Singapore cents per share declared in celebration of the Group's 15th anniversary of its IPO on the Singapore Exchange

SINGAPORE – 11 August 2022 - China Sunsine Chemical Holdings Ltd (“China Sunsine” or the “Group”), a specialty rubber chemicals producer and global leader in the production and supply of rubber accelerators, is pleased to announce the Group's strong performance in the first half year ended 30 June 2022 (“1H2022”).

Financial Highlights

RMB' million	Half Year Ended		Change
	30 June 22	30 June 21	
Group Revenue	2,022.5	1,757.5	15%
Gross Profit	694.0	552.3	26%
Gross Profit Margin (GPM)	34.3%	31.4%	+2.9 pts
Profit before income tax	470.1	360.7	30%
Net profit	427.5	265.2	61%
Sales Volume (tonnes)	90,422	93,162	(3%)
EPS (RMB cents)	44.06 ¹	27.32	61%
NAV per share (RMB cents) as of the period	361.99 ²	302.66	20%
Cash and bank balances	1,206.4 ³	1,335.7	-

¹Based on weighted average number of shares 970,309,000 shares, equivalent to 9.15 SGD cents at the exchange rate of 4.8170

²Based on 969,901,000 shares, equivalent to 75.15 SGD cents at the exchange rate of 4.8170

³Equivalent to SGD 250.4 million at the exchange rate of RMB 4.8170



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In the first half of 2022, the increase in global commodities prices have led to an increase in the prices of our raw materials, and the Group was able to pass on such increase to our customers. As such, the Group's revenue in 1H2022 grew by 15% to RMB 2,022.5 million, compared to RMB 1,757.5 million in 1H2021, due mainly to the higher ASP, partially offset by a lower sales volume.

ASP increased by 18% to RMB 22,043 per tonne in 1H2022 from RMB 18,642 per tonne in 1H2021.

Sales volume declined slightly by 3% from 93,162 tonnes in 1H2021 to 90,422 tonnes. A few factors had adversely impacted the sales volume in 1H2022: Chinese New Year holidays, tentative supply chain interruption during Winter Olympic Games, and Covid-19 control measures implemented in some affected areas in China.

Gross profit lifted 26% from RMB 552.3 million in 1H2021 to RMB 694.0 million in 1H2022, and gross profit margin ("GPM") enlarged by 2.9 percentage points from 31.4% to 34.3%.

As a result, profit before income tax ("PBT") rose by 30% from RMB 360.7 million in 1H2021 to RMB 470.1 million in 1H2022.

The Group's main subsidiary, Shandong Sunsine, received a formal letter of approval confirming its "**High-tech Enterprise**" status in May 2022, which entitles our subsidiary to a concessionary tax rate of 15% for 3 years with effect from 1 January 2021. Therefore, Shandong Sunsine received a refund of approximately RMB 36.1 million from the local tax authority during 1H2022 for the overpayment of tax expenses for FY2021.

As a result, the Group's net profit for 1H2022 surged 61% to RMB 427.5 million from RMB 265.2 million in the corresponding period of last year.



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Analysis of Sales and Volume

	Sales Volume (Tonnes)		Sales (RMB' million)	
	1H2022	1H2021	1H2022	1H2021
Rubber Chemical				
Accelerators	45,715	49,660	1,096.0	1,079.9
Insoluble Sulphur	17,066	17,076	144.3	146.5
Anti-oxidant	27,066	25,595	740.5	494.7
Others	575	831	12.4	15.6
Total	90,422	93,162	1,993.2	1,736.7
<i>Local Sales</i>	<i>55,710</i>	<i>59,335</i>	<i>1,183.9</i>	<i>1,055.0</i>
<i>International Sales</i>	<i>34,712</i>	<i>33,827</i>	<i>809.3</i>	<i>681.7</i>
Heating Power	41,911	38,498	11.9	7.4
Waste treatment	7,060	6,224	16.6	12.9
Hotel & Restaurant	-	-	0.8	0.5

In 1H2022, sales volume for Accelerators decreased by 8%, due to weak domestic demand and intensified competition. IS product sales volume remained stable, whereas sales volume of Anti-oxidant products increased by 6% as the new 30,000-tonne TMQ production line was put into commercial production.

Sales volume in China's domestic market dropped by 6%, due to the combined effects mentioned above, whilst international sales grew by 3% as the global economy was recovering gradually from the Covid-19 pandemic.

The Group's financial position remains healthy and robust with strong cash balances of RMB 1,206.4 million and no debt. Based on its latest six months' results, the Group's earnings per share was 44.06 RMB cents (or 9.15 SGD cents) and its net assets per share amounted to 361.99 RMB cents (or 75.15 SGD cents) for 1H2022.

In view of the good results achieved in 1H2022, and in celebration of the Company's 15th anniversary of its listing on Singapore Exchange, the Board is pleased to declare a special one-tier tax exempt dividend of 0.5 Singapore cents per ordinary share.



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Commenting on the Group's performance in 1H2022, Executive Chairman Mr Xu Cheng Qiu (徐承秋) said, *“Our resilient performance in the first half of 2022 demonstrated the strength of our market leadership position, even though we were facing various challenges such as volatilities of raw materials prices, low utilisation rate of tyre manufacturers and intense competition in the rubber chemicals industry.*

In the second half of this year, we do not foresee any improvement in the overall operating environment. Conversely, we expect the challenges to remain or worsen due to the high inflation rate, greater geopolitical tension, weakening economic growth in China, as well as the uncertainties of and restrictive measures arising from the Covid-19 pandemic situation.

Despite these headwinds, we are well-placed to face the difficulties. We strongly believe that capacity expansion will enhance our competitive advantage and further increase our market share. I am therefore pleased to share that our two new projects have commenced commercial production in 1H2022.

We will continue to implement our strategy of ‘sales production equilibrium’. Given our strong balance sheet and financial stability, our market leadership position, our ability to provide high-quality products, economies of scale, a variety of rubber chemical products, and compliance with national environmental protection laws and regulations, we remain confident about the Group's profitability in the next 12 months”

Expansion Project Update

1. Phase 1, 30,000-tonne per annum IS project

Commercial production has commenced in December 2021.

2. 30,000-tonne per annum Anti-oxidant TMQ and 2,000-tonne HTMQ project

We have obtained approval to start commercial production in 1H2022.



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3. *Controlled Landfill Projects*

The construction of the main body work of phase 2 of 50,000-tonne capacity has been completed, and is undergoing auxiliary work. The project is expected to be completed by the end of 2022.

Set out below is an overview of the Group's production capacity:

Tonnes	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023e
Accelerators	87,000	87,000	97,000	117,000	117,000	117,000	117,000
Insoluble Sulphur	20,000	30,000	30,000	30,000	30,000	60,000	60,000
Anti-oxidant	45,000	45,000	45,000	45,000	45,000	77,000	77,000
Total	152,000	162,000	172,000	192,000	192,000	254,000	254,000

- End -

About China Sunsine Chemical Holdings Ltd.

Listed on SGX-ST on 5 July 2007, China Sunsine Chemical Holdings Ltd. ("China Sunsine") is a leading specialty chemical producer selling rubber accelerators, insoluble sulphur and anti-oxidant and other vulcanizing agents. It is the largest rubber accelerator producer in the world and biggest insoluble sulphur producer in the PRC. It continues to serve more than 65% of Global Top 75 tire makers, such as Bridgestone, Michelin, Goodyear, Pirelli, Sumitomo, Yokohama, Hankook, Cooper, Kumho Tire as well as PRC Tyre giants such as Hangzhou Zhongce, Giti Tyres and Shanghai Double Coin Tyre.

China Sunsine distributes its products under its own "Sunsine" brand, a brand which has been accredited as a "Shandong Province Famous Brand". In January 2017, China Sunsine's main subsidiary, Shandong Sunsine Chemical Co., Ltd was listed in the First Batch of National Champion Manufacturing Enterprise by the Ministry of Industry and Information Technology of the PRC.

Riding on the robust growth of the auto and tire industries in the PRC, China Sunsine has been able to expand its production capacity, deliver superior products and services, and implement stringent environmental protection measures to stay ahead of the competition. It has achieved ISO9001:2008 standard for quality, ISO14001:2004 standard for environment, and GB/T28001-2011 standard for occupational health and safety management system.

For more information, please contact:

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